

Message Text

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ACTION EB-08

INFO OCT-01 EA-07 ISO-00 AID-05 CIAE-00 COME-00 FRB-03
INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03
SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04
CEA-01 /075 W
-----060190 170307Z /72

R 100903Z AUG 77
FM AMEMBASSY KUALA LUMPUR
TO SECSTATE WASHDC 8491
INFO: RUMJDH/AMCONSUL HONG KONG 2495
/AMEMBASSY SINGAPORE 7211

LIMITED OFFICIAL USE KUALA LUMPUR 5292

HONG KONG FOR TREASURY REP SHARPE

E.O.11652: N/A
TAGS: EFIN, MY
SUBJECT: CENTRAL BANK TO LIBERALIZE LOAN RESTRICTIONS

1. THE GOVERNOR OF BANK NEGARA (THE CENTRAL BANK) HAS REPORTEDLY INFORMED THE COMMERCIAL BANKING SECTOR THAT HIS AGENCY WILL BE LIBERALIZING LOAN RESTRICTIONS PRESENTLY IN FORCE. AREAS OF LIBERALIZATION WILL BE TO ALLOW BANKS TO MAKE LOANS AVAILABLE FOR THE PURCHASE OF SECURITIES AND TO EASE RESTRICTIONS ON FOREIGN CONTROLLED FIRMS BORROWING IN LOCAL MONEY MARKETS. THESE ACTIONS FOLLOW THE RECENT LOWERING OF THE PRIME RATE FROM 8.5 TO 7.5 PERCENT.

2. COMMENT: THESE MEASURES ARE AN OBVIOUS ATTEMPT TO DRY UP EXCESS LIQUIDITY, NOW OVER 40 PERCENT, WITHIN THE LOCAL BANKING SYSTEM. HIGH LEVELS OF EXPORT EARNINGS COUPLED WITH LOW LEVELS OF PRIVATE SECTOR INVESTMENT HAVE CREATED THE PRESENT LIQUIDITY SITUATION AND THE GOM IS REPORTEDLY WORRIED THAT CAPITAL MAY BE LOST, THROUGH TRANSFERS OUT
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OF THE COUNTRY, IF IT IS NOT PUT TO SOME USE. THE CENTRAL BANK HAS ALSO BEEN QUIETLY SELLING OFF ITS OWN HOLDINGS OF GOM TREASURY NOTES IN AN EFFORT TO DECREASE LIQUIDITY IN THE ECONOMY BECAUSE OF THIS FEAR. END COMMENT.
MILLER

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NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CENTRAL BANK, POLICIES, BANK LOANS
Control Number: n/a
Copy: SINGLE
Sent Date: 10-Aug-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977KUALA05292
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770296-0130
Format: TEL
From: KUALA LUMPUR
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770877/aaaacnno.tel
Line Count: 60
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 51cb305d-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 10-Jan-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1649346
Secure: OPEN
Status: NATIVE
Subject: CENTRAL BANK TO LIBERALIZE LOAN RESTRICTIONS
TAGS: EFIN, MY
To: STATE HONG KONG
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/51cb305d-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009